Docket	:	A.12-02-013
Exhibit Number	:	DRA-03
Commissioner	:	Sandoval
ALJ	:	Wilson
Witness	:	Maricela Sierra

DIVISION OF RATEPAYER ADVOCATES
CALIFORNIA PUBLIC UTILITIES COMMISSION

Report on the Results of Operations for Bear Valley Electric Service Division General Rate Case

Test Years 2013-2016

Sales, Customers, and Revenues

San Francisco, California
July 27, 2012

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BEAR VALLEY ELECTRIC SERVICE DIVISION
SALES, CUSTOMERS, AND REVENUES

I. INTRODUCTION

This exhibit presents the Division of Ratepayer Advocates' (DRA) analyses and recommendations regarding Bear Valley Electric Service Division (BVES) Sales, Customers, and Revenues forecasts for Test Years (TY) 2013-2016. DRA's recommendations are based on its review of BVES' testimony, econometric models, statistical analysis, data inputs, recorded data, data request responses and other information provided by BVES.

II. SUMMARY OF RECOMMENDATIONS

The following summarizes DRA's recommendations on sales, customers and revenues for TY 2013-2016:

- DRA recommends that the Commission adopt BVES sales forecast for Test Years 2013-2016.
- DRA concludes that BVES' customer forecast for Test Years 2013-2016 is reasonable.
- DRA does not take issue with BVES' Revenues at present rates (2012), Miscellaneous Revenues or Other Operating Revenue (OOR). DRA recommends that the Commission adopt BVES' forecast for Test Years 2013-2016.
- In its next General Rate Case, DRA recommends that BVES be required to provide program statements, data files, and output files for all its equations in the initial work papers.

III. DISCUSSION/ANALYSIS OF SALES AND CUSTOMERS

A. Sales

DRA reviewed and analyzed BVES' electric use per customer model. The variables in this model (e.g., heating and cooling degree days, monthly dummy variables January to November, monthly unemployment rate for the San Bernardino County, and a time trend to capture changes in market conditions) are part of the use per customer model for TY 2013-2016. BVES did not provide a complete statistical analysis, for example, no Durbin - Watson (DW) was calculated for any BVES regressions.

BVES utilized Statistical Analysis System (SAS) to run its econometric model for all rate classes to forecast use per customer for TY 2013-2016. BVES used 30-year average of climate data in Heating Degree Days (HDD) and Cooling Degree Days (CDD) and monthly recorded use per customer data from (January 1996) to (October 2010).

DRA performed a regression analysis based upon data provided by BVES. DRA used Econometric Views (E-Views) forecasting software to estimated use per customer forecast for TY 2013-2016. DRA accepts BVES' use per customer forecast, and recommends that the Commission adopt it for TY 2013-2016. Sales by rate class (kWh) are shown in Table 3-1.[1]

BVES had proposed a Base Revenue Requirement Adjustment Mechanism (BRRAM), which was authorized by the Commission in D.09-10-028 and D.09-10-03-16. The BRRAM provides a symmetrical adjustment to revenues.

[1] See Ex. No. ___ BVES, Volume 2, Chapter 4 (Part A), page 36.

Table 3-1

BVES 2010 to 2016 Sales by Rate Class (kWh)

Rate Class	2010 Recorded	2011 Recorded	2012 Projected	2013 Projected	2014 Projected	2015 Projected	2016 Projected
D (Sgl Fam Res "SFR")	31,094,251	29,894,938	30,216,708	30,855,891	31,567,734	32,008,028	32,196,417
DE (Employees SFRs)	297,204	288,524	297,392	310,241	322,085	332,551	340,535
NEM (Net Energy)	96,754	85,484	85,484	85,484	85,484	85,484	85,484
D-All Electric (SFRs)	69,769	147,618	150,114	144,318	151,056	142,784	142,133
D (Life Support SFRs)	791,471	1,583,883	1,727,451	1,884,733	2,048,551	2,214,442	2,381,966
DLI (Low Income SFRs)	11,838,491	11,351,937	11,444,373	11,420,008	11,350,566	11,412,105	11,538,900
DM (Master Metered)	180,411	167,610	173,202	170,496	171,430	167,477	163,742
DMS (Submetered)	2,184,058	2,184,089	2,249,509	2,323,376	2,399,569	2,467,275	2,528,960
Perm Residential	**46,552,409**	**45,704,083**	**46,344,233**	**47,194,547**	**48,096,475**	**48,830,146**	**49,378,137**
Seasonal DO	29,586,663	29,351,450	29,762,330	30,652,750	31,605,155	32,189,705	32,496,389
Res Subtotal	**76,139,072**	**75,055,533**	**76,106,563**	**77,847,297**	**79,701,630**	**81,019,851**	**81,874,526**
A-1 Small (up to 20KW)	16,803,998	15,741,785	15,688,727	16,500,677	17,565,006	17,756,602	17,315,724
A-2 Medium (20-50KW)	10,233,005	10,148,320	10,693,519	11,582,105	12,566,747	13,233,076	13,663,504
A-3 Large (50-500KW)	12,269,003	11,151,470	11,736,233	12,452,538	13,192,720	13,863,791	14,448,042
A-4 TOU	5,100,050	6,844,653	7,135,759	7,664,974	8,234,063	8,555,158	8,723,142
Camp Oaks	137,185	135,230	135,230	135,230	135,230	135,230	135,230
Commercial	**44,543,241**	**44,021,458**	**45,389,468**	**48,335,524**	**51,693,766**	**53,543,857**	**54,285,642**
A-5 TOU sec	31,906	730,706	730,706	730,706	730,706	730,706	730,706
A5-TOU prim	11,297,884	12,209,790	12,230,085	12,299,478	12,376,494	12,402,195	12,396,678
Power	**11,329,790**	**12,940,496**	**12,960,791**	**13,030,184**	**13,107,200**	**13,132,901**	**13,127,384**
Street Ltg	**191,852**	**191,852**	**191,852**	**191,852**	**191,852**	**191,852**	**191,852**
TOTAL	**132,203,955**	**132,209,339**	**134,648,674**	**139,404,857**	**144,694,448**	**147,888,461**	**149,479,404**

B. Customers

DRA reviewed and analyzed BVES customer forecast and regression model based on (1) historical monthly data from the period 2006-2010, and (2) a simple time trend of customer growth to forecast customers for TY 2013-2016. DRA recommends that the Commission adopt BVES' customer forecast for TY 2013-2016. Table 3-2[2] shows BVES' recorded number of customers for 2010 and BVES' forecast for 2011-2016.

BVES' customer forecast and the usage per customer forecast are used to estimate the total sales forecast for TY 2013-2016.

Table 3-2

BVES 2010 to 2016 Customer Forecast by Revenue Class

Component	2010 Recorded	2011 Estimated	2012 Estimated	2013 Estimated	2014 Estimated	2015 Estimated	2016 Estimated
Residential	21,349	21,503	21,635	21,762	21,890	22,019	22,151
Commercial	1,321	1,349	1,368	1,388	1,408	1,428	1,447
Power	4	4	4	4	4	4	4
Street Lighting	4	4	4	4	4	4	4
Total	**22,678**	**22,860**	**23,011**	**23,158**	**23,306**	**23,455**	**23,606**

[2] See Ex. No. ___ BVES, Volume 2, Chapter 4 (Part A), page 36.

IV. DISCUSSION/ANALYSIS OF REVENUES

A. Present Electric Revenue

DRA reviewed and analyzed BVES' revenues and accepts its estimates. BVES developed revenue from sales using 2012 present rates and information consistent with sales. Table 3-3[3] shows BVES' revenues from sales of electricity by revenue class at present rates through 2012.

Table 3-3

BVES 2010-2012 Total Supply Rate Revenue By Revenue Class (000)

RATE CLASS	2010 Recorded	2011 Estimated	2012 Estimated
Residential (Permanent)	$ 4,724	$ 4,559	$ 4,629
CARE Discount	$ 231	$ 251	$ 243
Residential (Seasonal)	$ 4,768	$ 4,683	$ 4,749
Commercial	$ 5,609	$ 5,551	$ 5,712
Power	$ 1,115	$ 1,323	$ 1,325
Street lighting	$ 17	$ 15	$ 15
Total Electric Sales	$ 16,464	$ 16,383	$ 16,673
Other Operating Revenue	$ -	$ -	$ -
Total Supply Revenue	$ 16,464	$ 16,383	$ 16,673

[3] See Ex. No. ___ BVES, Volume 2, Chapter 4 (Part B), page 37.

B. Base Rate Revenue

DRA reviewed BVES' recorded base rate revenue and accepts its estimates. BVES' recorded and forecasted total base rate revenue by revenue class through 2012 is reflected in Table 3-4.[4]

Table 3-4

BVES 2010-2012 Total Base Rate Revenue By Revenue Class (000)

RATE CLASS	2010 Recorded	2011 Estimated	2012 Estimated
Residential (Permanent)	$3,753	$4,253	$4,341
CARE Discount	$218	$319	$237
Residential (Seasonal)	$5,576	$6,066	$6,162
Commercial	$6,428	$6,800	$7,077
Power	$805	$1,067	$1,088
Street lighting	$103	$98	$96
Total Electric Sales	$16,883	$18,603	$19,001
Other Operating Revenue	$207	$229	$232
Total Base Revenue	$17,089	$18,354	$19,233

C. Miscellaneous Revenues or Other Operating Revenues (OOR)

BVES' OOR for TY 2013-2016 is reflected in Table 3-5. OOR is comprised of fees and revenues for specific services that do not involve a charge for electricity. Miscellaneous revenues offset a portion of the revenue requirements necessary to provide services to BVES customers.

DRA reviewed the recorded OOR data and forecasting methods by category as illustrated in Table 3-5. BVES used five and three year historical averages to calculate for service establishment. The collection fee is $8.00 and the forecast is based on a five year historical average. The returned check fee of $10.00 per check is addressed in Volume 6, Propose Rates. The temporary service fee of $75.00 is

[4] See Ex. No. ___ BVES, Volume 2, Chapter 4 (Part B), page 38.

charged to offset hooking up the meter on a temporary pole and a $15.00 clean and show fee per application is charged to offset the cost. DRA recommends that the Commission adopt BVES' forecast of Miscellaneous Revenues based on present rates service fees for TY2013-2016 as illustrated on Table 3-5.[5]

Table 3-5

BVES Miscellaneous Revenues at Present Rates 2011-2016

Category	2011	2012	2013	2014	2015	2016
Service Establishment	$39,705	$40,842	$41,978	$43,115	$44,251	$45,388
Reconnect Fees	$32,791	$34,292	$35,794	$37,295	$38,797	$40,298
Collection/Notice Fees	$56,824	$56,824	$56,824	$56,824	$56,824	$56,824
Temp Serve & Clean/Show	$3,901	$3,992	$4,083	$4,174	$4,264	$4,355
Return Check Fee	$0	$0	$0	$0	$0	$0
Late Payment Fee	$0	$0	$0	$0	$0	$0
Other Miscellaneous	$150	$150	$150	$150	$150	$150
Added Facilities Charge	$0	$0	$0	$0	$0	$0
Joint Pole	$95,629	$95,629	$95,629	$95,629	$95,629	$95,629
TOTAL	**$229,000**	**$231,729**	**$234,458**	**$237,186**	**$239,915**	**$242,644**

D. Sales and Customer Forecast Workpapers

BVES failed to provide a complete set of workpapers for its sales forecast. DRA recommends that BVES include the following in its next GRC filing: (1) the forecasting software used, and (2) a list of its model variables including its assumptions. For example, if SAS is used then include SAS file program statements, SAS data files, and SAS output files for all its equations in the workpapers. BVES failed to file a complete statistical analysis for all its equations. DRA was able to obtain this data via data requests, but in the future BVES should provide this data as part of the work papers filed with its application. Table 3-6

[5] See Ex. No. ___ BVES, Volume 2, Chapter 4 (Part B), page 44.

illustrates an example of a complete statistical analysis that should be included in the initial work papers.

Table 3-6

RATE D (Sgl Fam Res "SFR")

TIER 1

	Coefficient	Std. Error	t-Statistic	Prob.
C	289.1149	3.053915	94.67026	0.0000
HDD	0.004656	0.003215	1.448329	0.1493
CDD	0.021269	0.028257	0.752721	0.4526
TIME	-0.026409	0.006506	-4.059214	0.0001
UNEMP	-1.065450	0.110829	-9.613444	0.0000
JANUARY	4.622081	1.315093	3.514642	0.0006
FEBRUARY	-3.583565	1.335580	-2.683152	0.0080
MARCH	-1.042426	1.375000	-0.758128	0.4494
APRIL	-8.075355	1.602558	-5.039041	0.0000
MAY	-7.348742	2.184069	-3.364702	0.0009
JUNE	-10.55757	2.742337	-3.849843	0.0002
JULY	-7.280260	3.451145	-2.109520	0.0363
AUGUST	-7.719362	3.145266	-2.454279	0.0151
SEPTEMBER	-8.872528	2.679466	-3.311305	0.0011
OCTOBER	-3.015961	1.937055	-1.556982	0.1213
NOVEMBER	-0.802773	1.502156	-0.534414	0.5937

R-squared	0.800793	Mean dependent var	276.7979
Adjusted R-squared	0.783815	S.D. dependent var	7.993224
S.E. of regression	3.716509	Akaike info criterion	5.543102
Sum squared resid	2430.989	Schwarz criterion	5.814560
Log likelihood	-516.1378	Hannan-Quinn criter.	5.653044
F-statistic	47.16673	Durbin-Watson stat	1.418066
Prob(F-statistic)	0.000000		